



We're Getting Close

It will be a while before the nation's (and Utah's) production capacity and labor force are pushed back to a level where additional workers, en masse, are needed to raise the nation's output.

Although employment numbers are still falling, there are indications arising to suggest that the Utah employment slide is close to finding its bottom. One factor is that numbers cannot move down at an accelerating rate indefinitely. They eventually reach a point where a downward run loses its negative momentum. Sometimes the momentum breaker is an improvement in the economy itself, as job hiring picks up. Other times, as is probably the current case, the improvement comes with time and simple mathematics.

The year-over percentage of job growth (or loss) is calculated by comparing the most recent employment number to that of one year ago. As we move forward in time, the year-prior reference date will begin to capture the steep employment losses of the recession. Consequently, while Utah is still experiencing job losses, those job losses will be fewer in comparison to those experienced during the height of the recession. Therefore, the rate of employment decline will begin to moderate.

Still, job gains in a recession-busting quantity are also not just around the corner. IHC Global Insights, a Massachusetts-based economic think tank and consulting firm, estimates that the United States is only using 65 percent of its production capacity. If so, that is an historic low in the post World War II environment. That means there is plenty of room for the nation to kick its production into a higher gear without a corresponding need to kick up its number of new workers.

There is much evidence that the nation's existing workforce is not utilized to its full potential. Extensive furloughs and full-time workers working less than full-time hours suggest the economy needs to fully use those who are currently employed more than it needs to add more workers to the nation's payrolls.

This is also true for the Utah economy. It will be a while before the nation's (and Utah's) production capacity and labor force are pushed back to a level where additional workers, en masse, are needed to raise the nation's output. ⓘ

Did You Know...

- Construction crews began heavy work to build the six-mile light-rail track that will connect downtown to the Salt Lake City International Airport. <http://www.deseretnews.com/article/705327416/Work-begins-on-airport-TRAX-line.html>
- Utah is using state money and federal stimulus funds to leverage long-term research projects with a commercial potential. http://www.sltrib.com/news/ci_13286420
- University of Utah researchers have secured more than \$7 million in federal money to explore ways to make geothermal wells more productive. http://www.sltrib.com/business/ci_13293581